

Message Text

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DRAFTED BY: EA/ANP:HLANGE

APPROVED BY: EA:HERMAN BARGER

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FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA

INFO AMCONSUL SYDNEY

AMCONSUL MELBOURNE

CINCPAC

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C O R R E C T E D C O P Y (OMISSION LINE 3, PARA 6)

CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: EIND, AS

SUBJECT: DISTRIBUTION OF AMERICAN FILMS IN AUSTRALIA

1. SUMMARY. MOTION PICTURE ASSOCIATION OF AMERICA (MPAA) HAS INFORMATION THAT GOA MAY ESTABLISH A SINGLE BUYING AUTHORITY FOR IMPORTED FILMS. AMERICAN FILM INDUSTRY IS TOTALLY OPPOSED TO THIS AND ACCORDING TO MPAA SPOKESMAN, JACK VALENTI, IS PREPARED TO EMBARGO FILM TO AUSTRALIA IN SUCH AN EVENT. THREE INDUSTRY REPRESENTATIVES WILL ARRIVE AUSTRALIA AUGUST 3 TO CONDUCT QUIET, LOW-PROFILE INFORMATION CAMPAIGN WITH AUSTRALIAN TV OWNERS, NEWSPAPER PUBLISHERS, AND EXHIBITORS OF US FILMS. VALENTI RECOGNIZES SENSITIVITY OF THIS ISSUE, BUT BELIEVES SOME PUBLICITY IS UNAVOIDABLE. END SUMMARY.

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2. JACK VALENTI, PRESIDENT OF THE MOTION PICTURE ASSOCIATION OF AMERICA (MPAA) AND V.P. GRIFFITH JOHNSON CALLED ON DEPUTY ASSISTANT SECRETARY BARGER OF THE DEPARTMENT (EA) ON AUGUST 3. VALENTI EXPRESSED CONCERN OVER AN APPROACHING PROBLEM WITH DISTRIBUTION OF US FILMS IN AUSTRALIA. HE EXPLAINED SITUATION AS FOLLOWS:

3. AUSTRALIA IS SIXTH LARGEST MARKET FOR US FILMS IN THE WORLD, ACCOUNTING FOR SALES OF DOLS 30 TO 35 MILLION PER YEAR. RECENTLY, MPAA HAS OBTAINED CONFIDENTIAL INFORMATION THAT AN AUSTRALIAN TARIFF BOARD HEARING HAS RECOMMENDED A SINGLE AUSTRALIAN BUYING AUTHORITY FOR ALL IMPORTED TELEVISION AND THEATRICAL FILM MATERIAL, AS WELL AS A MAXIMUM FOREIGN OWNERSHIP IN AUSTRALIAN THEATERS OF 15 PERCENT. TWENTIETH CENTURY FOX HAS A MAJORITY OWNERSHIP IN HOYT'S THEATER CHAIN, AND RANK INC. OF GREAT BRITAIN HAS A SIMILAR INTEREST IN THE GREATER UNION CHAIN.

4. CLEARLY THE MOST IMPORTANT ISSUE TO VALENTI IS THE SINGLE BUYING AUTHORITY, WHICH IS ANATHEMA TO THE MPAA. HE CLAIMS THAT US FILM INDUSTRY HAS NOWHERE DEALT WITH A SINGLE BUYING AUTHORITY, EXCEPT IN THOSE CASES WHERE THE MONOPOLY APPLIES TO ALL INDUSTRIES, SUCH AS USSR AND OTHER SOCIALIST COUNTRIES. THERE IS CURRENTLY AN EMBARGO ON US FILMS TO INDIA OVER THIS ISSUE. IT, THEREFORE, APPEARS LIKELY THAT IF THE BUYING AUTHORITY IS APPROVED BY THE GOA, NO AMERICAN FILMS OR TV MATERIAL WILL BE SHIPPED TO AUSTRALIA.

5. VALENTI CLAIMS TO HAVE HAD A SATISFACTORY AND COOPERATIVE RELATIONSHIP IN THE PAST WITH SENATOR MC CLELLAND, AUSTRALIAN MINISTER FOR THE MEDIA, AND THINKS THAT THE RECOMMENDATIONS ARE THE WORK OF DR. COOMBS, REPORTEDLY AN INFLUENTIAL ADVISOR ON THE ARTS TO WHITLAM. MC CLELLAND IS THOUGHT TO BE VEXED AT THIS INTRUSION BY COOMBS, SINCE THE BUYING AUTHORITY WOULD BE AN INDEPENDENT BODY, REPORTING ON A QUASI-OFFICIAL BASIS TO THE PM'S OFFICE RATHER THAN TO MC CLELLAND. VALENTI HAS GOTTEN WORD TO MC CLELLAND ABOUT AMERICAN INDUSTRY'S CONCERN LIMITED OFFICIAL USE

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OVER THIS MATTER. VALENTI SAID THAT HE HAS NOT THREATENED A BOYCOTT, BUT DID POINT OUT TO MC CLELLAND THAT A SIMILAR PROBLEM WITH THE BRITISH IN 1950 WAS SOLVED ONLY AFTER AN 18-MONTH EMBARGO BY THE US INDUSTRY.

6. MR. FEUDENBERG, A WHITLAM ASSISTANT, HAS ALSO BEEN INFORMED OF MPAA'S CONCERN, AND VALENTI IS ATTEMPTING TO ARRANGE APPOINTMENT WITH PM WHITLAM WHEN HE PASSES

THROUGH HONOLULU WEEKEND OF AUGUST 11.

7. VALENTI HAS FURTHER INSTRUCTED AL DAFF, AN AMERICAN WHO LIVED IN AUSTRALIA FOR MANY YEARS, TO RETURN TO AUSTRALIA AND COORDINATE A QUIET INFORMATION CAMPAIGN. ACCOMPANYING DAFF WILL BE MYRON KARLIN, FOREIGN SALES MANAGER FOR WARNER BROTHERS, AND RALPH FRANKLIN, INTERNATIONAL TV MANAGER FOR MCA. THEY WILL ARRIVE IN SYDNEY ON AUGUST 7, AND VALENTI WILL ASK THEM TO CALL ON HARROP OR SIMPSON AT EMBASSY CANBERRA.

8. WE RECEIVED ASSURANCE FROM VALENTI THAT DAFF WILL PURSUE A QUIET, LOW-PROFILE, UNPUBLICIZED, NO-INTERVIEWS

APPROACH. HE WILL COORDINATE A CAMPAIGN WITH AUSTRALIAN TV OWNERS, NEWSPAPER PUBLISHERS, AND EXHIBITORS, AS WELL AS US INDUSTRY PEOPLE. HE WILL POINT OUT THAT IF AMERICANS WITHHELD FILMS FROM THE MARKET, IT WOULD BE VERY DAMAGING TO NEWSPAPERS (WHICH DEPEND UPON ADVERTISING), TO TV STATIONS, AND TO THEATERS. MR. BARGER EMPHASIZED TO VALENTI THE SENSITIVITY OF THIS PROBLEM IN THE PRESENT AUSTRALIAN CLIMATE, THE POSSIBLE UNFORTUNATE RESULTS IF THIS SHOULD COME TO BE HIGHLY PUBLICIZED AND SEEN IN EXTREME NATIONALISTIC TERMS. BARGER ENCOURAGED MPAA PRESENT CASE TO THE GOA OR TO THE PUBLIC AS MUCH AS POSSIBLE THROUGH AUSTRALIANS AND NOT AMERICANS. VALENTI AGREED WITH THIS APPROACH, BUT SAID HE DOUBTED VERY MUCH THAT PUBLICITY COULD BE ENTIRELY AVOIDED. BARGER ALSO SUGGESTED THAT INDUSTRY CASE BE PRESENTED POSITIVELY, BUT VALENTI SAID THERE WAS NOT MUCH TO POINT TO ON THE POSITIVE SIDE, AND THAT THE THREAT OF AN EMBARGO WOULD BE THE PRIMARY ARGUMENT. GRIFFITH JOHNSON ADDED THAT IF THERE IS TO BE A TEST OF STRENGTH, LIMITED OFFICIAL USE

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"AUSTRALIA IS A GOOD PLACE TO HAVE IT," BECAUSE OF THE NEAR-TOTAL DEPENDENCE ON IMPORTED US FILMS. HE THOUGHT THAT THE CONSEQUENCES MUST BE LAID OUT CLEARLY TO THE AUSTRALIANS.

9. EMBASSY CANBERRA WILL HAVE FULL APPRECIATION OF POTENTIAL MISCHIEF LATENT IN THIS ISSUE. WHEN DAFF AND ASSOCIATES ESTABLISH CONTACT, ADVISABILITY OF A LOW PROFILE SHOULD BE REEMPHASIZED TO THEM. THIS IS ESPECIALLY TRUE IF, AS VALENTI CLAIMS, THEIR ALLY MC CLELLAND PRESENTLY HAS A ONE-VOTE MARGIN WITHIN THE CABINET ON THIS ISSUE. ROGERS

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